

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2007-171-E - ORDER NO. 2007-386  
MAY 23, 2007

IN RE: South Carolina Electric & Gas Company –	) ORDER APPROVING
Application for Implementation of Time-of-	) NEW TIME-OF-USE
Use Rates for Residential and Commercial	) RATES
Customer Classes.	)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of South Carolina Electric & Gas Company (SCE&G or the Company) for implementation of new time-of-use rates with demand components for residential and commercial customer classes. These electric rate offerings are identified as Rate 7, which is a voluntary time-of-use rate for residential customers, and Rate 28, which is also a voluntary time-of-use rate for commercial customers.

The Company states that the new rates are time-of-use rates with demand components, and that they will not cause any increase in present rates. The proposed new rates are being added to provide customers in the residential and commercial classes with additional voluntary options to manage their energy usage and do not supersede any existing rate schedule. Presently these customers have the option of a time-of-use energy only rate. SCE&G will continue to offer that rate. The new rates, however, include a time-sensitive demand charge that will assist customers in these rate classes by providing a price signal to help the customer decide whether to shift or shed demand during peak periods. Furthermore, according to the Company, the new rates are designed to serve to

educate customers about their individual load characteristics by providing them with demand data that is currently not available, similarly encouraging them to adopt demand shifting or reduction techniques that would provide savings to themselves and the Company, in the form of reducing peak demand requirements on SCE&G's electric system which, in turn, can reduce the need for additional generation capacity.

In designing these new rates, the Company evaluated its current Commission-approved time-of-use rates, namely Rate 5 and Rate 16, to ensure that the new rates would produce approximately the same amount of revenue as the current time-of-use rates on an annual basis. This concept is referred to as "revenue neutrality." In order to achieve revenue neutrality among the new rates and Rates 5 and 16, the Company examined a 12-month total revenue amount produced by Rates 5 and 16 and the corresponding customer group load characteristics. Additionally, as part of its analysis, SCE&G included within its calculations all energy and meter count data from calendar year 2006 and the most current demand survey samples. The average monthly sample peak demand for a Rate 5 customer is 6.9 kW, and the average monthly sample peak demand for a Rate 16 customer is 48 kW. Based upon this information, the Company designed the structure of the new rates to produce approximately the same amount of revenue as Rates 5 and 16. In summary, Rate 7 is designed to achieve revenue neutrality with Rate 5, and Rate 28 is designed to achieve revenue neutrality with Rate 16.

SCE&G states that, pursuant to S.C. Code Ann. Section 58-27-870 (F) (Supp. 2006), this Commission may issue an order allowing rates and tariffs to be put into effect without notice and hearing when such rates "do not require a determination of the entire

rate structure and overall rate of return, or...do not result in any rate increase to the electrical utility.” Because the new rates will not require a determination of the entire rate structure or result in an increase in rates for customers, SCE&G requests that this Commission review the requested rates and approve such rates and tariffs without notice or hearing. If approved, the rates will become effective for bills rendered on and after the first billing cycle of June 2007. The Office of Regulatory Staff (ORS) has reviewed the Company’s application and does not object to its request. ORS points out that the proposed rates are similar to rates already on file with the Commission for both Duke Energy and Progress Energy. ORS believes that the request is reasonable and has the potential to serve the interests of SCE&G’s residential and commercial customers.

We agree with SCE&G that we may review and approve the requested rates and tariffs without notice or hearing, because no determination of the entire rate structure is required, nor will a rate increase result for customers. Accordingly, upon review of the proposed time-of-use rates, we hereby approve them. The proposed rates are voluntary and do not supersede any rate schedule. Further, they will allow residential and commercial customers additional options to manage their energy usage. A customer may shift or shed demand, which can result in reduction of that customer’s bill. This, in turn, can reduce peak load, which can reduce the need for additional generation capacity. All of these are worthwhile goals.

The Company shall furnish ten (10) copies of the tariffs setting forth the new rates to the Commission and ORS within ten (10) days of its receipt of this Order.

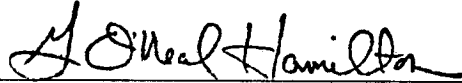
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This Order shall remain in full force and effect until further Order of the Commission.

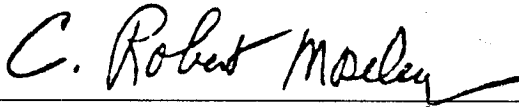
BY ORDER OF THE COMMISSION:



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G. O'Neal Hamilton, Chairman

ATTEST:



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C. Robert Moseley, Vice Chairman

(SEAL)